

Lever Brothers Pakistan Limited

Report and Accounts
January 1995 - June 1996

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Company Information

Board of Directors

Mr. Iqbal Sarrafdar Sangster
(Chairman & Chief Executive)

Mr. Syed Babar Ali
Mr. Fatehali W. Valliani
Mr. Mujib ur Rahman
Mr. Perwaiz Hasan Khan
Mr. Jeffrey Arthur Lee
Mr. Clive David Welland
Dr. Aruna Das Bandaranayake
Mr. S. H. Patel
Mr. M. Asadullah Sheikh
Mr. Abdul Ghani Sarhani
Mr. Aamir Ahsan Sayid

Company Secretary

Mr. Aamir Ahsan Sayid

Auditors

Messrs. A. F. Ferguson & Co.
State Life Building No. 1-A,
1-1, Chundrigar Road, Karachi.

Registered Office

Avari Plaza
Mina Fatima Jinnah Road,
Karachi.

Share Registration Office

c/o Ferguson Associates (Pvt) Ltd.
State Life Building No. 1-A,
1-1, Chundrigar Road, Karachi.

Notice of Annual General Meeting
Notice is hereby given that the 48th Annual General Meeting of Lever Brothers Pakistan Limited will be held at Dushar Hotel, Avari Towers Hotel, Mina Fatima Jinnah Road, Karachi, on Tuesday, October 8, 1996 at 11.00 a.m. to transact the following business:

Ordinary Business

- To receive and consider the Company's Accounts for the period January 1995 - June 1996, together with the Reports of the Auditors and Directors.
- To declare the final dividend on the ordinary shares of the Company.
(The Directors have recommended a final dividend of 40¢ i.e. Rs. 20 per ordinary share issued, in addition to 40¢ or Rs. 20 already paid as 1st and 2nd interim dividends, thus making a total cash distribution of 100¢ for January 1995 - June 1996).
- To approve the Auditors' remuneration for January 1995 - June 1996, to appoint Auditors for the ensuing year, and to fix their remuneration.
(Messrs A.F. Ferguson & Co., Chartered Accountants, retire, and being eligible, have offered themselves for re-appointment).

Special Business

- To approve the remuneration of Executive Directors including the Chief Executive.
(Statement attached).

Any other business, with the permission of the Chair.

Karachi
September 15, 1996
By Order of the Board
AAMIR AHSAN SAYID
Company Secretary

Notes:

- Share Transfer Books will be closed from September 30 to October 8, 1996 (both days inclusive).
- All Members (whether holding Preference or Ordinary Shares) are entitled to attend and vote at the Meeting. A Member may appoint a proxy who need not be a Member of the Company.
- The instrument appointing the proxy (form attached) and the Power of Attorney or other authority under which it is signed, or a notarially certified copy thereof, must be lodged at the Company's Registered Office not later than 48 hours before the time of the Meeting.
- Any change of address should be notified immediately to the Company's Share Registration Office.

Statement in respect of Special Business

and Related Draft Resolution

Historical facts concerning the Special Business to be transacted at the Annual General Meeting and the proposed Resolution related thereto are given below.

Item 4 of Agenda - Remuneration of Executive Directors

According to law, it is necessary to obtain Shareholders' approval for the holding of office of profit by any of the Directors as well as of their remuneration. It is therefore proposed to pass the following as an Ordinary Resolution.

Resolved

That approval is hereby given for the holding of office of profit with the Company by all the Executive Directors including the Chief Executive, namely, Messrs. I.S. Sangster, Mujib ur Rahman, A.T. Crouth, C. de Jong, P.H. (Hans) J. A. Lee, S.H. Patel and Dr. A.D. Bandaranayake, and for payment of remuneration to the Executive Directors amounting in the aggregate to Rs. 24.7 million actual for the period January 1995 to June 1996, and Rs. 24.8 million estimated for July 1996 - June 1997, in accordance with their respective contracts of service and the rules of the Company.

(The Executive Directors are interested to the extent of the remuneration payable to them individually).

Report of the Directors

The Directors have pleasure in presenting their Annual Report together with the Company's audited accounts for the 18 months to June 30, 1996. The extended period arises from the change in the Company's accounting year.

All year on year comparisons in the text of this report correct for the difference in the lengths of the respective periods of comparison.

Results and Dividends

Jan. 1995 Jan. - Dec.
- June 96 1994

(Rupees in thousand)

Profit after taxation

523,210 225,610

Unappropriated profit	232,988	207,387
	-----	-----
	756,198	432,997
Appropriations		
Dividends:		
On 54 Cumulative Preference Shares	239	239
On Ordinary Shares		
- First Interim of Rs. 10 already paid (1994) Rs.10	99,885	99,885
- Second Interim of Rs. 10 already paid (1994) Rs. Nil	99,885	-
- Final of Rs. 30 now proposed (1994) Rs. 10	209,455	99,885
	-----	-----
	499,625	200,009
	-----	-----
Unappropriated profit carried forward	236,534	232,988
	*****	*****

We are pleased to report that the Company has recovered from the difficult trading conditions of 1994. All affected product groups responded well to the Government's curbs on smuggling and to the reductions enacted late 1994. The profit after tax has increased to Rs. 523 million, equivalent to a improvement over 1994. This also includes the expected, heavy trading losses of the new ice cream business.

Operating cash flow showed a healthy improvement over 1994. The change in the year-end date has introduced a different working capital pattern into the business. The year-end date now coincides with a peak selling period for most of our businesses. All major current asset categories thus show an increase. This is mostly offset by a corresponding increase in our creditors.

The Directors propose a final dividend of Rs. 30 per share which, together with the Rs. 20 already paid, brings the total dividend to Rs. 50 per share.

Expansion and Finance

The Company has financed capital expenditure of Rs. 394 million from its strong cash flow stream in the period. This expenditure includes further ice cream expansion, and general modernisation and replacement of old plant at all our facilities.

As we commented in our last Report, the Company has been made cautious in its investment plans by the experience of smuggling and high government duties. It remains committed to the development of its business in Pakistan, however, which will be financed through retained earnings and debt.

Detergents and Personal Products

The Detergents and Personal Products business has recovered strongly from its low 1994 levels. The performance of our toilet soap brands has been particularly encouraging following the curtailment of the Afghan Transit Trade through Karachi at the end of 1994. This further permitted us to invest significantly in the advertising and promotion of our key brands. Overall sales have thus grown a massive 35% over the period.

Operating margins have jumped also from 5% to 12%. This reflects the absence in 1995/1996 of the exceptional charges for stock write-downs that beset the 1994 results. And it also reflects efforts to hold constant the fixed cost base in the face of sharply increased volumes of sales.

The Company is greatly encouraged by this return to form of a major part of its business.

Foods

Trading performance in Foods has not been uniform across its product groups. There has been a modest 5% improvement to total sales, and operating margins have remained steady but at a low level of 4.4%.

The Tea business has stemmed the volume losses encountered in 1994 but remains vulnerable to smuggling. Margin reductions have been reversed resulting in a significant increase to operating profits.

The oils and soap business has suffered a disastrous fall-off in volume and margin resulting in a collapse in operating profits. It has been unable to recover in its selling prices the sharp increases in oil, tinateplate and utility costs. A plan to restore profitability is currently being implemented.

Ice cream contributes to our figures for the first time. Mall's was launched in Lahore in March 1995, and has been extended to several major cities since. This has been a remarkable success, with a first year sales performance that has set new records in the Unilever group. Heavy initial outlays on the factory and the distribution system result in trading losses in the early years, but these have been well within target levels and are showing a strong improving trend.

Prospects

The improved trading conditions have encouraged the Company to pursue its programme of innovation and improvement to its products and its service to its customers. The commitment to the productive use of modern information technology has also been confirmed and extended to the most modern techniques of data communication and open systems.

But trading prospects have once again been made uncertain by the enactment of a March 1996 budget and the failure to repeal the regulatory duties imposed on imports in October 1995. The duty and tax load on many of our core products has reached again the levels experienced in 1993 and 1994 when rampant smuggling ensued.

The Company has learned the lessons of the difficult 1994 conditions and will be better prepared to defend its markets if smuggling does resume at high levels. Reserve plans include the extension of our reach into rural areas, the removal of unnecessary cost to permit lower consumer prices, and frequent communication with the relevant Government authorities.

Nevertheless, a resumption of high levels of smuggling would certainly reduce volume and profit, and inhibit seriously the growth plans of the business.

Brooks Bond Pakistan Limited

The Company is currently planning to merge its operations with those of Brooks Bond Pakistan Ltd. The proposal is before the Monopoly Control Authority and a Scheme of Arrangement will be set before the Sixth High Court in due course.

Staff Relations

The Company continues to benefit from the efforts and dedication of all employees. The Directors are once more pleased to record their appreciation. Development of management and staff has a high priority in the Company.

A Total Quality (TQ) programme has been implemented over the period of this report with early and encouraging results.

Directors

The following changes have taken place on the Company's Board of Directors since the last Annual Report.

Mr. Abul Kadir Shaikh was appointed as nominee of the Sixth Government in place of Mr. Aftab Ahmed Hemon, who was subsequently replaced by Mr. Abul Ghani Barhami.

Mr. Asim Amrat Oman replaced Mr. Ameer Ahmed Khan as nominee of the Punjab Government.

As nominee of Unilever, Mr. Clive David Welland replaced Mr. C. de Jong and Dr. Aruna Dias Bandaranayake has replaced Mr. Anthony Travis Croome.

The Board wishes to record its appreciation of the valuable services rendered to the Company by all the outgoing Directors.

Holding Company

Through its wholly owned subsidiary, Unilever Overseas Holdings Limited, U.K., Unilever plc, a company incorporated in the United Kingdom, is the ultimate holding company of Lever Brothers Pakistan Limited.

Auditors

The Auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the Annual General meeting, and being eligible, offer themselves for reappointment.

On behalf of the Board
I. S. HANFSTER
Chairman & Chief Executive

Auditors' Report to the Members

We have audited the annexed balance sheet of Lever Brothers Pakistan Limited as at June 30, 1996 and the related profit and loss account and cash flow statement, together with the notes forming part thereof, for the eighteen months then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the period was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the cash flow statement, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner as required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1996 and of the profit and cash flows for the eighteen months then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. F. FERGUSON & CO.
Chartered Accountants
Karachi, August 29, 1996

Accounts		LEVER BROTHERS PAKISTAN LIMITED	
Balance Sheet			
as at June 30, 1996			
	Note	June 30, 1996	December 31, 1994
(Rupees in thousand)			
Share Capital and Reserves			
Share capital			
Authorized	2	800,000	650,000
Issued, subscribed and paid-up	3	504,208	504,208
Reserves	4	150,883	108,883
Unappropriated profit		256,534	232,988
		807,625	844,079
Surplus on Revaluation of Fixed Assets	5	126,228	126,228
Redeemable Capital		294,666	459,667
Deferred Liabilities			
Deferred taxation		65,320	23,024
Staff retirement benefits		295,184	238,263
Current Liabilities			
Current maturity of redeemable capital	6	167,334	139,333
Short-term loan	8	178,250	-
Finance under short-term arrangements	9	411,736	371,064
Creditors, accrued and other liabilities	10	1,924,956	1,573,774
Taxation		-	59,477
Dividends	11	303,756	154,178
		2,996,042	2,243,826
Contingencies and Commitments	12		
		June 30, 1996	December 31, 1994
(Rupees in thousand)			
Tangible Fixed Assets			
Operating assets	13	1,136,884	766,635
Capital work-in-progress - at cost	14	103,700	473,847
		1,430,584	1,240,382
Long-Term Investments	15	95,202	95,202
Long-Term Deposits and Prepayments	16	21,648	33,262
Current Assets			
Stores and spares	17	532,139	86,568
Stock-in-trade	18	2,190,806	2,076,439
Trade debts	19	200,243	159,345
Loans and advances	20	72,335	57,919
Trade deposits and short-term prepayments	21	33,089	38,783
Other receivables	22	66,813	49,760
Taxation - payments less provisions		140,582	-
Cash and bank balances	23	201,604	77,437
		3,043,631	2,548,241
		4,591,065	3,915,087

The annexed notes form an integral part of these accounts.

I. S. SANGSTER
Chairman & Chief Executive

SYED BABAR ALL
Director

Profit and Loss Account
for the eighteen months ended June 30, 1996

Note	Year ended	
	June 30, 1996	December 31, 1994
(Rupees in thousand)		
Sales	17,297,793	10,132,561
Cost of goods sold	14,226,435	8,628,123
Trading profit	3,071,358	1,504,438
Administration and selling expenses	1,851,339	1,019,696
Operating profit	1,220,019	484,732
Other income	45,381	29,732
	1,265,400	514,464
Financial expenses	350,056	120,868
Auditors' remuneration	4,464	1,442
Workers' welfare fund	17,301	7,398
Workers' profits participation fund	46,578	19,661
	417,369	149,359
Profit before taxation	848,031	365,105
Taxation	324,821	139,495
Profit after taxation	523,210	225,610
Unappropriated profit brought forward	232,988	207,387
	756,198	432,997
Appropriations		
First interim dividend on ordinary shares @ Rs. 10 (1994 @ Rs. 10) per share	99,885	99,885
Second interim dividend on ordinary shares @ Rs. 10 (1994 @ Rs. 10) per share	99,885	-
Proposed Final Dividend		
On cumulative preference shares	239	239
On ordinary shares @ Rs. 30 (1994 @ Rs. 10) per share	299,655	99,885
	499,664	200,009
Unappropriated profit carried forward	256,534	232,988

The annexed notes form an integral part of these accounts.

I. S. SANGSTER
Chairman & Chief Executive

SYED BABAR ALL
Director

Cash Flow Statement
for the eighteen months ended June 30, 1996

Note	Year ended	
	June 30, 1996	December 31, 1994
	(Rupees in thousand)	
Cash Flow from Operating Activities		
Cash generated from operations	34	1,537,747
Financial expenses paid		(327,483)
Taxes paid		(482,584)
Staff retirement benefits paid		(24,076)
Long-term deposits and prepayments (net)		51,614
Net cash inflow from operating activities		755,214
Cash Flow from Investing Activities		
Fixed capital expenditure		(390,954)
Sale proceeds of fixed assets		14,037
Dividends received		24
Interest received		-
Net cash outflow from investing activities		(376,893)
Cash Flow from Financing Activities		
Proceeds from issue of redeemable capital		60,000
Repayment of redeemable capital		(191,000)
Short-term loans obtained/(repaid)		178,260
Dividends paid		(300,086)
Net cash (outflow)/inflow from financing activities		(254,836)
Net increase/(decrease) in cash equivalents		83,495
Cash and cash equivalents at the beginning of the period	35	(293,627)
Cash and cash equivalents at the end of the period	35	(210,132)

The annexed notes form an integral part of this statement.

Notes to the Accounts
For the eighteen months ended June 30, 1996

1. Significant Accounting Policies

(a) Overall valuation policy
These accounts have been prepared under the historical cost convention except that certain fixed assets have been included at revaluation referred to in sub-paragraph (e) below.

(b) Accounting year
Consequent to the stipulation in Finance Act 1995 that the Income Year for the purpose of submitting the income tax return must end on June 30, the Company decided to change the accounting year from December 31 to June 30. The Company has prepared these financial statements for a period of eighteen months ended June 30, 1996, whereas the comparative figures are for the year ended December 31, 1994.

(c) Staff retirement benefits
The Company operates:
i) approved partially funded pension scheme for its management employees and funded gratuity scheme for its management and non-management staff. Annual contributions are made to these schemes on the basis of actuarial recommendations. Actuarial valuation of the schemes is carried out every year and the latest valuations were carried out as at December 31, 1994. The fair value for the scheme assets (inclusive of balance sheet provisions for the unfunded portion) as at the last valuation date were Rs. 318.84 million for the pension plan, Rs. 48.14 million for the management staff gratuity plan and Rs. 48.20 million for the non-management gratuity plan against a past service liability of the schemes at the same valuation date of Rs. 381.31 million, Rs. 70.130 million and Rs. 52.13 million respectively. Company's annual contributions for each of the schemes are adjusted to allow for the deficit. A combination of the unit credit and the attained age method, an expected increase in salary level of 4% and 4% for management and non-management employees respectively along with a 8% expected rate of interest are used for the valuation of these schemes.

ii) approved contributory provident fund for all employees.

(d) Taxation
The provision for current taxation is based on taxable income at the current rates of taxation. The Company accounts for deferred taxation using the liability method on all significant timing differences.

(e) Fixed assets
Certain land, buildings and plant and machinery were revalued in 1973, 1975, 1978 and 1981 by independent valuers, which are shown at such revalued figures; additions subsequent to that date are at cost. All other assets are stated at cost. Depreciation is charged on the straight-line method on all assets in use at the beginning of each quarter. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired. Profit and loss on sale or retirement of fixed assets is included in income currently.

(f) Investments
These are stated at cost.

(g) Stocks and spares
These are valued at average cost less provision for obsolescence.

(h) Stock-in-trade
All stocks are stated at the lower of cost and estimated net realisable value. Cost is determined by average method except for those in transit where it represents invoice value and other charges paid thereon. Cost of work-in-progress includes direct cost of materials whereas that of finished goods also includes direct cost of labour, production overheads, excise duty and sales tax paid thereon. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. By-product (glycerine) is valued at an estimated cost except for the stock covered by firm forward sale contracts which is valued at contracted price.

(i) Trade debts
Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

(j) Rates of exchange
Assets and liabilities in foreign currencies are translated at the rates of exchange which approximate to those prevalent on the balance sheet date except where forward exchange purchases have been made for payment of liabilities, in which case the contracted rates are applied. Exchange gains and losses on translation are included in income currently.

(k) Revenue recognition
Sales are recorded on despatch of goods.

	June 30, 1996	December 31, 1994
	(Rupees in thousands)	
Authorized Capital		
47,835 (1994) 47,835) 5% cumulative preference shares of Rs. 100/- each	4,783	4,783
15,904,330 (1994) 11,904,330) ordinary shares of Rs. 50 each	795,217	645,217
	800,000	650,000
	-----	-----
3. Issued, subscribed and paid-up capital		
5% cumulative preference shares of Rs. 100 each		
47,835 fully paid in cash	4,783	4,783
4,000 issued for consideration other than cash	400	400
	-----	-----
	4,783	4,783
	-----	-----
Ordinary shares of Rs. 50 each		
467,704 fully paid in cash	23,385	23,385

1,673,825 issued for consideration other than cash	83,692	83,692
7,846,637 issued as fully paid bonus shares	382,348	382,348
9,988,486	499,425	499,425
	504,208	504,208

At June 30, 1994, the number of shares held by Unilever Overseas Holdings Limited UK, a wholly owned subsidiary of Unilever plc, London, was 6,987,722 (1994) 6,987,722 ordinary shares of Rs. 50 each.

	CAPITAL		REVENUE		T O T A L	
	Replacement of fixed assets	General	June 30, 1994	December 31, 1994	June 30, 1994	December 31, 1994
At the beginning of the period	16,496	90,387	106,883	172,025		
Movement during the period	-	-	-	(65,142)		
	16,496	90,387	106,883	106,883		

5. Surplus on revaluation of fixed assets

This represents surplus over book values resulting from the revaluations of fixed assets carried out in 1973, 1975, 1978 and 1981, adjusted by surplus realized on disposal of revalued assets transferred to capital reserve.

	June 30, 1994	December 31, 1994

6. Redeemable Capital - Other

	Note	June 30, 1994	December 31, 1994
Secured			
ABB-Jindal Bank S.V.	6.1	117,000	117,000
Emirates Bank International Ltd	6.2	20,000	20,000
Emirates Bank International Ltd	6.3	60,000	-
Pakistan Economic Development Company (Pvt) Ltd.	6.4	50,000	100,000
Al-Fayal Investment Bank Ltd	6.5	210,000	310,000
ME Graduate Bank plc		-	10,000
Mashreq Bank plc		-	20,000
Less: Current maturity		442,000	590,000
		167,334	135,333
		294,666	459,667

6.1
The Company has obtained a long-term finance under mark-up arrangement amounting to Rs. 117 million. The balance is payable in 3 annual equal instalments starting on June 30, 1997 and ending on June 30, 1999 at a mark-up rate of 5% above the average of accepted Government of Pakistan Treasury Bills weighted average rate as determined by periodic auction of State Bank of Pakistan, payable quarterly. The finance is secured by a charge on Company's ice cream manufacturing equipment.

6.2
The Company has obtained a long term finance under mark-up arrangement amounting to Rs. 20 million. The amount is payable on June 28, 1997 at a mark-up rate of 1% above the average of accepted Government of Pakistan Treasury Bills weighted average rate for 6 months as determined by periodic auction by State Bank of Pakistan or a minimum rate of 13.5% per annum payable semi-annually. The finance is secured by way of a first charge on tea machinery.

6.3
The Company has obtained a long term finance under mark-up arrangement amounting to Rs. 60 million. The amount is payable on August 19, 1997 at a mark-up rate of 14% per annum payable semi-annually. The finance is secured by way of first charge on tea machinery.

6.4
The Company has obtained a long-term finance under mark-up arrangement amounting to Rs. 100 million. The amount is payable in 3 equal instalments by December 31, 1997, at a mark-up rate of 17.7% payable quarterly. The finance is secured by charge on Company's ice cream manufacturing equipment.

6.5
The Company has obtained a long-term Murabaha amounting to Rs. 350 million. The balance amount is payable in 6 equal half yearly instalments by June 1999 at a mark-up rate of 17.2% payable quarterly. The Murabaha is secured by charge on company's ice cream manufacturing equipment.

	June 30, 1994	December 31, 1994
7. Deferred Taxation		
Credit/(debit) balance arising in respect of accelerated tax depreciation allowance	170,792	101,899
- provision for unfunded staff retirement benefits	(82,891)	(78,075)
- others	(25,561)	-
	62,340	23,824

	June 30, 1994	December 31, 1994
8. Short-Term Loan		
Foreign currency loan	178,250	-

A loan of US Dollars 5 million has been obtained from Sakura Bank limited, Singapore Branch and is repayable in lump sum 6 months after the draw down date. The loan has been obtained for working capital under State Bank of Pakistan repatriation guarantee and bears interest at 6.5 per cent plus a forward cover premium of 0.8 per cent per annum. The arrangement is secured by way of second pari passu charge against hypothecation of company's stock-in-trade.

	June 30, 1994	December 31, 1994

	June 30, 1994	December 31, 1994
9. Finance under mark-up arrangements		
Running finance under mark-up arrangements	411,736	356,064
Export re-finance	-	15,000
	411,736	371,064

The facility for running finance available from various banks amounts to Rs. 844 million (1994) Rs. 805 million). The rates of mark-up range between 12.5% to 14% per annum. The balance is repayable by July 31, 1997.

The arrangements are secured by way of pari-passu charge against hypothecation of Company's stock-in-trade.

The unutilized facility for opening letters of credit and for guarantees as at June 30, 1994 amounted to approximately Rs. 3,408.5 million (1994) Rs. 1,799.2 million).

	June 30, 1994	December 31, 1994
10. Creditors, Accrued and other liabilities		
Creditors	174,515	116,352
Bills payable	1,196,521	979,862
Sales tax payable	14,589	16,508
Accrued liabilities	394,749	361,143
Advance payment from customers	29,046	37,120
Mark-up accrued on redeemable capital	12,120	7,523
Mark-up accrued on running finance	10,343	15,094
Excise duty	1,385	708
Workers' welfare fund	16,527	9,576
Workers' profits participation fund - note 10.1	45,714	19,652
Security deposits from suppliers	611	578
Others	15,826	8,468
	1,924,966	1,573,774

10.1 Workers' Profits Participation Fund

	June 30, 1994	December 31, 1994
Balance at January 1	19,652	42,672
Allocation for the period	45,578	19,661
	65,230	62,333

Interest on fund utilized in Company's Business	653	1,048
Amount paid to workers on behalf of the fund	2,610	3,588
Amount deposited with the Government	17,539	40,141
Balance as at June 30, 1996	45,734	59,862
11. Dividends		
Undeclared	3,862	4,054
Proposed	299,894	100,124
	303,756	104,178

12. Commitments
 (a) Aggregate commitments for capital expenditure at June 30, 1996 amounted to approximately Rs. 28,757 thousand (1994: Rs. 170,493 thousand).
 (b) Commitments for rentals under non-cancellable operating lease agreements are as follows:

Year	(Rupees in thousand)
1996-97	3,115
1997-98	3,874
1998-99	2,882
1999-2000	792
2000-2001	328
2001-2002	303
2002-2003	303
2003-2004	162

(a)	Cost and Addition revaluation (deletions)/ to December 31, 1994		Cost and Accumulated depreciation as at January 1, 1995		Depreciation charge for the revised period	Depreciation on disposals during the period	Accumulated depreciation as at June 30, 1996	Book value at June 30, 1996	Depreciation rate %
	Cost	Addition	Cost	Accumulated depreciation					
	(Rupees in thousand)								
Land:									
Freehold	29,355	-1,609	27,746	-	-	-	-	27,746	-
Leasehold	1,964	-	1,964	667	29	-	696	1,268	1.05
Building on:									
Freehold land	119,142	149,919 * 5,479 (3,073)	271,867	50,544	7,624	(982)	57,184	214,681.5	2 to 2.5
Leasehold land	112,758	6,794 (5,867)	113,595	38,362	5,016	(492)	42,886	70,709.5	2 to 20
Plant and machinery	724,307	427,347 * 2,471 (11,528)	1,142,597	284,033	107,842	(8,159)	383,716	758,881	3 to 8
Electrical and mechanical equipment	146,328	145,973 * (50) (1,534)	290,717	43,338	40,110	(790)	82,658	208,059	8 to 25
Furniture & fittings	17,099	5,207 * 132 (191)	22,247	9,016	2,063	(68)	11,014	11,233	8 to 14
Motor vehicles	78,464	25,951 * (2,545) (15,397)	86,473	36,922	25,324	(10,080)	52,166	34,307	25
	1,229,417	761,101 (39,312)	1,957,206	462,882	188,008	(20,568)	630,322	1,326,884	
December 31, 1994	1,118,318	122,263 (21,244)	1,229,417	384,756	86,600	(8,474)	462,882	766,535	

Assets having book value of Rs. 18.66 million have been rented out to third party for the manufacture of company's goods.

The above represents values of fixed assets arising from revaluations in 1973, 1975, 1978 and 1981 with additions thereafter stated at cost. Had there been no revaluations the figures of fixed assets, after considering the useful lives of the revised assets, would have been as follows:

Cost to June 30, 1996	Accumulated depreciation	Book value at June 30, 1996	
		1996	1996
(Rupees in thousand)			
Land:			
Freehold	15,591	-	15,591
Leasehold	1,241	355	2,886
Building on:			
Freehold land	198,720	14,881	183,839
Leasehold land	105,489	33,721	71,768
Plant and machinery	1,068,312	318,323	750,009
Electrical and mechanical equipment	287,244	80,581	206,663
Furniture and fittings	22,052	11,389	10,663
Motor vehicles	89,027	52,024	37,003
	1,789,746	511,274	1,278,472
1994:	1,059,108	140,032	716,076

(b) Details of fixed assets sold

Cost or revaluation	Accumulated depreciation	Book Value	Sale proceeds	Mode of disposal	Particulars of purchaser
(Rupees in thousand)					
Plant & machinery	204	184	20	Tender	Gulzar Mohammed & Bros. (Samsabad, Faisalabad)
	1,982	1,995	87	296	M/s. Ali Muhammad Gulshan, Hiranan Manzil, S-51, Street No. 6, Daryabad, Karachi.
Electrical & mechanical equipment	59	6	53	42	Company Ex-Executive Scheme
	18	8	10	8	Mr. Rashid Ahmed Ex-Executive
	19	7	12	9	Mr. S. M. Asam Ex-Executive
	30	4	26	24	Mr. Moini Akhtar Ex-Executive
	14	7	7	6	Mr. Raja Mansoor Ahmed Ex-Executive
	61	19	42	34	Mr. Asif Zahid Ex-Executive
	18	7	11	9	Mr. Subair A. Khan Ex-Executive
	26	7	19	21	Mr. M. Ibrahim Ex-Executive
	52	2	50	38	Mr. Akhtar Jamal Ex-Executive
	10	2	8	8	Mr. S. Carlsson Ex-Executive
Electrical and mechanical equipments	21	4	17	18	Company Ex-Executive Scheme
	48	6	42	42	Mr. Mustafa Hussain Ex-Executive

24	3	21	17	Mr. S. Asjad Ali	Ex-Executive
53	8	45	37	Mr. Amir S. Ahmed	Ex-Executive
19	10	9	7	Mr. S. J. Siddiqui	Ex-Executive
19	10	9	7	Mr. A. A. Qureshi	Ex-Executive
34	22	12	10	Mr. Shurabeh Alam Khan	Ex-Executive
44	14	30	32	Mr. Masira Ahmad	Ex-Executive
12	8	4	4	Mr. G. H. Malik	Ex-Executive
18	9	8	8	Mr. Shahiroddin Khan	Ex-Executive
88	18	70	110	Commercial Union Assurance Co. plc C.O. Building, M.T. Khan Road, Karachi.	
88	31	57	110	"	
39	28	11	28	"	
88	13	75	75	Company Mr. L. Cardona Scheme	Ex-Executive
6	1	5	6	Mr. C. G. Brown	Ex-Executive
556	174	382	550	Commercial Union Assurance Co. plc C.O. Building, M.T. Khan Road, Karachi.	
207	26	181	204	"	
248	-	248	246	"	
599	70	524	572	"	
675	84	591	672	"	
684	-	684	682	"	
652	137	515	612	"	
675	-	675	673	"	
270	34	236	267	"	
273	17	256	271	"	
472	-	472	447	"	
684	171	513	682	"	
189	-	189	Company Mr. Zubair A. Khan Scheme	Ex-Executive	
565	565	-	28	Mr. Asif Tahir	Ex-Executive
162	132	30	165	Mr. Mirza Anwar Baig	Ex-Executive
145	145	-	90	Mr. Sh. M. Ashraf	Ex-Executive
187	-	-	175	Mr. G. H. Hussain	Ex-Executive
39	22	17	34	Mr. A. Rashid	Ex-Executive
14	14	-	8	Mr. M. Salim	Ex-Executive

June 30, 1996
December 31, 1994
(Rupees in thousand)

14. Capital Work-in-Progress - at cost

Civil works	1,755	131,419
Plant and machinery	101,945	342,428
	103,700	473,847

Long-term Investments

Unquoted fully paid shares		
In wholly owned subsidiary companies		
100 Ordinary shares of Rs. 10 each in Lever Associated Pakistan Trust (Private) Limited	1	1
100 Ordinary shares of Rs. 10 each in Sadiq (Private) Limited	1	1
9,500,000 Ordinary shares of Rs. 10 each in Lever Chemicals (Private) Limited	95,000	95,000
Trade	95,002	95,002
2,000% redeemable cumulative preference share of Rs. 100 each in Periodally Chemicals (Private) Limited	200	200
	95,202	95,202

15. Long-term Deposits and Prepayments

Security deposits	1,369	859
Prepaid rent	20,279	32,403
	21,648	33,262

17. Stores and Spares

Stores	39,138	26,778
Spares (including in-transit Rs. 9,789 thousand; 1994: Rs. 8,716 thousand)	95,821	65,560
	134,959	92,338
Less: Provision for obsolescence	2,820	5,780
	132,139	86,558

18. Stock-in-Trade

Raw and packing materials (including in-transit Rs. 575,442 thousand; 1994: Rs. 532,176 thousand)	1,590,150	1,454,312
Work-in-progress	67,241	78,621
Finished goods	885,880	575,407
By-product - glycerine	7,420	7,806
	2,245,711	2,116,146
Less: Provision for obsolescence	54,905	39,907
	2,190,806	2,076,439

19. Trade Debts

Considered good (including secured Rs. 2,703 thousand; 1994: Rs. 2,916 thousand)	206,243	159,345
Considered doubtful	5,423	3,492
	211,666	162,837
Less: Provision for doubtful debts	5,423	3,492
	206,243	159,345

19.1 Amount due from associated undertaking at the period end amounted to Rs. 2,703 thousand (1994: Nil).

19.2 The maximum amount due from associated undertaking at the end of any month during the period from January 1, 1995 to June 30, 1996 was Rs. 2,703 thousand (1994: Nil).

20. Loans and Advances

Considered good		
Advances to		
Directors	-	5
Executives	884	1,698
Employees	6,883	2,241
Suppliers and others	64,558	53,975
	72,335	57,919
Considered doubtful		
Advances to suppliers	373	373
	72,708	58,292
Less: Provision for doubtful advances to suppliers	373	373
	72,335	57,919

The maximum aggregate amount of advances against business expenses due at the end of any month during the period was:

Directors	657	351
Executive	6,365	7,448

21. Trade Deposits and Short-Term Prepayments

Trade deposits	473	503
Prepayments	31,244	27,627
Balances with statutory authorities	1,372	10,651
	33,089	38,783

22. Other Receivables

Excise duty refundable	1,335	1,391
Sales tax refundable	2,571	5,169
Octroi refundable	11,401	2,591
Custom duty refundable	325	325
Receivable from subsidiary company	6,384	-
Others	43,340	40,807
	67,356	50,283
Less: Provision for doubtful receivables	523	523
	66,833	49,760

22.1 The maximum amount due from associated undertakings at the end of any month during the period from January 1, 1995 to June 30, 1996 was Rs. 2,198 thousand (1994: Rs. 1,452 thousand).

23. Cash and Bank Balances

With banks - in current accounts	156,233	71,407
Cash and cheques in hand	45,381	6,030
	201,604	77,437

24. Operating Results

Note	Food and Beverages	Detergents and personal products				Total	
		Year ended June 30, 1994	Year ended December 31, 1994	Year ended June 30, 1995	Year ended December 31, 1994	Year ended June 30, 1995	Year ended December 31, 1994
(Rupees in thousand)							
Sales	11,680,182	7,340,228	6,498,016	3,283,773	18,178,198	10,624,001	
Less: Commission, rebates and allowances		574,024	270,823	306,381	220,627	880,405	
	11,106,158	6,766,204	6,197,193	3,063,146	17,297,793	10,132,551	
Cost of goods sold	25	9,509,177	6,158,569	4,717,258	2,469,554	14,226,435	
Administration and selling expenses	26	1,113,474	578,665	737,865	441,031	1,851,339	
	10,622,651	7,621,641	6,737,234	5,455,123	2,910,585	16,077,774	
		483,927	332,171	736,512	152,561	1,220,019	
		69.9	72.3	30.1	27.7	100	

24.1 Segment assets employed

24.2 Inter-segment pricing

Sales between business segments are recorded at net realisable value.

25. Cost of Goods Sold

Raw and packing materials consumed	8,580,102	5,846,792	2,732,131	1,267,233	11,312,233	7,114,025
Semi-manufactured goods purchased	-	2,184	-	150,746	-	152,930
Manufacturing charges paid to third parties	57,730	59,220	82,360	53,094	140,090	112,314
Stores and spares consumed	14,133	8,170	35,849	20,098	52,002	28,268
Consumables	14,779	763	5,106	1,144	19,885	1,907
Salaries, wages and other benefits - note 25.1	292,637	151,728	181,577	108,974	474,214	260,702
Carried over	8,961,401	6,068,857	3,037,023	1,601,289	11,998,424	7,870,146
Brought forward	8,961,401	6,068,857	3,037,023	1,601,289	11,998,424	7,870,146
Fuel and power	125,064	60,219	97,182	44,152	222,466	104,371
Repairs and maintenance	48,240	26,557	11,059	8,100	59,299	34,657
Rent, rates and taxes	8,215	4,081	659	374	8,874	4,455
Depreciation	107,866	32,085	35,337	24,927	143,203	57,512
Insurance	11,027	2,669	3,229	1,508	14,256	4,227
Traveling and entertainment	18,486	8,136	9,005	4,367	27,491	12,503
Medical	14,133	7,455	8,256	5,191	22,389	12,646
Stationary and office expenses	22,533	8,514	9,609	6,217	32,142	14,731
Expenses on information technology	-	6,000	-	-	-	6,000
Other expenses	39,855	14,170	4,339	2,920	46,194	17,099
Opening work-in-process	65,655	33,539	12,966	9,850	78,621	45,389
Closing work-in-process	9,422,475	6,272,787	3,230,664	1,708,948	12,653,139	7,983,732
	55,740	65,655	11,521	12,966	67,261	78,621
Cost of goods manufactured	9,366,735	6,207,132	3,219,143	1,695,979	12,585,879	7,903,111
Opening stock of finished goods including by-product glycerine	386,909	328,571	196,504	224,381	583,413	552,952
Finished goods purchased	-	-	63,121	-	63,121	-
Excise duty and sales tax	132,846	9,775	1,449,477	745,698	1,582,323	755,473
Closing stock of finished goods including by-product glycerine	377,813	386,309	210,387	156,604	588,300	583,413
	9,509,177	6,158,569	4,717,258	2,469,554	14,226,435	8,628,123

25.1 Staff Retirement Benefits
Salaries, wages and other benefits include Rs. 61,883 million (1994: Rs. 32,286 million) in respect of retirement benefits.

26. Administration and Selling Expenses

Salaries and other benefits - note 26.1	167,729	107,233	133,351	93,568	301,080	200,801
Repairs and maintenance	4,518	1,995	3,768	1,960	8,286	3,955
Advertising	297,258	126,486	270,136	172,884	570,391	295,393
Rent, rates and taxes	13,488	6,821	11,276	6,637	24,764	13,458

Depreciation	25,303	15,044	19,502	14,044	44,805	29,088
Insurance	3,428	2,318	2,918	2,209	6,343	4,577
Lighting, heating and cooling	5,004	2,094	3,956	2,103	8,960	4,197
Provision for doubtful debts - trade	3,053	(136)	(409)	(167)	2,444	(303)
- others	-	276	-	238	-	514
Outward freight and handling	298,813	172,170	109,406	50,515	408,219	222,685
Royalty	149,410	70,102	64,989	22,690	214,399	92,792
Travelling and entertainment	37,504	20,740	29,021	17,851	66,255	38,591
Marketing and selling expenses	19,745	10,987	11,899	11,469	31,644	22,056
Medical	5,597	3,028	5,001	2,932	10,598	5,960
Stationery and office expenses	35,787	16,144	25,804	15,640	61,591	31,784
Donations - note 28.2	698	1,347	691	1,270	1,389	2,617
Expenses on information technology	13,144	10,967	13,746	10,622	26,890	21,589
Other expenses	32,881	11,439	30,010	14,904	62,991	28,940
	1,113,474	578,665	737,865	441,011	1,851,339	1,019,696

26.1 Staff Retirement Benefits
Salaries and other benefits include Rs. 43.631 million (1994) Rs. 22.435 million) in respect of staff retirement benefits.

26.2 Donations
Donations include the following in whom a director or his spouse is interested:

Name of director	Interest in Name and address of Donee	Amount donated 1994	1994
		(Rupees in thousand)	
1. T. S. Sangster	Trustee Duke of Edinburgh - Award	10	-
Syed Babar Ali	Trustee Foundation, Karachi	-	-
2. T. S. Sangster	Member Lahore University of Management Sciences, Lahore	-	500
Syed Babar Ali	Trustee The Layton Rahmetullah Research Trust	-	-
3. Syed Babar Ali	Trustee Defence Housing Authority P.O. Box 1084, Karachi	300	200
4. Syed Babar Ali	President Worldwide Fund for Nature - Pakistan	25	15
		Eighteen months ended June 30, 1996	Year ended December 31, 1994
		(Rupees in thousand)	

27. Other Income		
Salvage sales	24,343	14,289
Insurance commission	6,884	6,836
Market research fee from third parties	7,002	3,881
Compensation on advance payment of tax	-	2,291
Service fee received from subsidiary company	1,350	872
Profit on disposal of fixed assets	1,293	1,138
Dividends from trade investments	24	12
Balance considered no more payable written back	1,182	-
Rental income	873	3,148
Interest on advances to suppliers	-	1,059
Sundry	2,430	1,229
	45,381	29,732

28. Financial Expenses		
Interest on Short-term foreign currency loan	14,456	3,838
Workers' profits participation fund	653	1,048
Others	313	280
	15,422	5,166
Mark-up on redeemable capital	140,773	36,285
Mark-up on export and running finance	124,972	44,789
Exchange risk fee	18,819	7,143
Excise duty	17,737	7,285
Bank charges	30,283	20,190
	350,006	120,898

29. Auditors' Remuneration		
Audit fee	900	750
Taxation services	500	200
Special audit and reports, pension and provident funds'		
audit, certifications for various Government agencies and sundry advisory services	2,582	422
Central excise duty	216	-
Out of pocket expenses	247	70
	4,464	1,442

30. Taxation		
Current		
Pakistan	277,525	141,977
Asad Kashmir	5,000	5,000
	282,525	146,977
Deferred	42,296	(7,182)
	324,821	139,795

31. Associated Undertakings
The aggregate amount of the Company's purchases from and sales to the associated undertakings of goods and services during the period amounted to Rs. 1,931,540 thousand (1994) Rs. 1,420,129 thousand) and Rs. 8,114 thousand (1994) Rs. 382 thousand) respectively.

32. Remuneration of Directors and Executives
(a) The aggregate amounts charged in the accounts of the period for remuneration, including all benefits to directors, chief executive and executives of the Company are as follows:

	Directors		Chief Executive		Executives		
	Year	Year	Year	Year	Year	Year	
	Eighteen months ended June 30, 1996	Year ended 31, 1994	Eighteen months ended June 30, 1996	Year ended 31, 1994	Eighteen months ended June 30, 1996	Year ended 31, 1994	
(Rupees in thousand)							
Managerial remuneration and allowances	10,561	5,063	4,077	1,661	157,862	87,782	
Retirement benefits	1,812	1,227	-	-	94,008	33,022	
Rent and utilities	5,245	2,340	1,343	747	75,412	49,145	
Leave passage	820	680	59	131	17,549	8,896	
Medical expenses	348	180	2	2	6,772	6,564	
Other expenses	299	206	5	2	3,250	2,104	
	19,285	9,696	5,486	2,543	354,850	187,513	
Number of persons	7	8	1	1	1	1	
	666	666	446	446	414	414	

(b) The directors, chief executive and certain executives of the Company are provided with free use of cars and household equipments.

(c) Aggregate amount charged in these accounts for the period for fee to 3 non-executive directors was Rs. 3 thousand (1994) 2 non-executive Rs. 4 thousand)

33. Capacity	Annual Capacity	Actual production	Remarks
		Eighteen months ended	Year ended December

	1996	1994	1995	June 30, 1994
		(Metric Tons)		
Dom manufacture				
Bible fats and oils	80,000,000	82,847	63,747	See note below
Interests and personal products	59,040	59,040	77,247	43,843

The actual production is lower on account of maintenance shut down and lower sales volume.
 The production capacity of tea and ice cream cannot be determined as it depends on the proportions of different sized packets produced which varies in relation to the consumer demand.

	Eighteen months ended		Year ended
	June 30, 1996	June 30, 1995	December 31, 1994
	(Rupees in thousand)		
34. Cash Flow from Operating Activities			
Profit before taxation	848,031	365,105	
Add/(less) adjustment for non cash charges and other items			
Depreciation	188,058	86,400	
Profit on sale of fixed assets	(1,293)	(1,138)	
Dividend income	(24)	(12)	
Provision for staff retirement benefits	56,991	43,036	
Financial expenses	350,006	120,858	
Interest income	-	(1,059)	
	593,688	248,285	
Profit before working capital changes	1,441,719	613,390	
Effect on Cash Flow due to Working Capital Changes			
(Increase)/(Decrease in current assets			
Stores and spares	(49,581)	(14,333)	
Stock-in-trade	(114,307)	70,148	
Trade debts	(45,898)	8,782	
Loans and advances	(14,416)	10,092	
Trade deposits and short-term prepayments	5,094	607	
Other receivables	(17,073)	(8,196)	
	(232,641)	70,161	
Increase in current liabilities			
Creditors, accrued and other liabilities	328,669	1,797	
	96,028	71,948	
Cash generated from operations	1,537,747	685,338	

	201,604	77,437
35. Cash and Cash Equivalents		
Cash and bank balances	(411,736)	(371,064)
Finance under mark-up arrangements	(205,192)	(293,627)

36. Prior year's figures have been rearranged wherever necessary for the purposes of comparison.

Pattern of Shareholdings as at June 30, 1996

Number of Shareholders	Shareholding From To	Total Number of Shares Held*
2085	1	100
837	101	800
181	501	1,000
158	1,001	5,000
12	5,001	10,000
6	10,001	15,000
6	15,001	20,000
5	20,001	25,000
1	25,001	30,000
1	30,001	35,000
1	40,001	45,000
3	50,001	55,000
1	70,001	75,000
1	75,001	80,000
1	200,001	205,000
1	270,001	275,000
1	480,001	485,000
1	980,001	985,000
1	6,980,001	6,990,000
-----		10,036,321
3,273		-----

Shareholder's Category	Number of Shareholders	Number of Shares Held*	Percentage
Individuals	3,195	820,299	8.2
Investment Companies	10	261,420	2.6
Insurance Companies	8	666,840	6.6
Joint Stock Companies	21	108,409	1.1
Financial Institutions	4	939,715	9.3
Moharabas	6	5,968	0.1
Adv. Abandoned Properties	1	2,056	0.0
Associat (a)	1	6,987,722	69.6
Others (b)	7	583,288	5.8
-----		10,036,321	100.00
3,273		-----	-----

(a) This represents shareholding of Unilever Overseas Holdings Limited, London.
 (b) This represents the following:

Shareholder	Number of Shareholders	Number of Shares Held*	Percentage
Government of Punjab	1	480,765	4.8
Government of Sindh	1	54,541	0.5
Government of NWFP	1	31,201	0.3
Government of Balochistan	1	10,482	0.2
Pakistan Shareholders Association	1	14	0.0
Punjab Sahakar Co-op. Soc. Ltd.	1	11	0.0
Melita Shye-Jalae	1	274	0.0
-----		848,288	8.48
-----		-----	-----

* Include Voting Preference Shares.

Statement and Report under sub-section 1 (a), (f) & (g) of Section 237 of the Companies Ordinance, 1984

	Lever	SUBSIDIARIES
	Chemicals (Pvt) Ltd	Sadiq Levers Associated (Private) Pakistan Trust Limited (Private) Limited
		(Rupees in thousand)

Statement under Sub-Section (1) (a)			
a) Extent of the interest of Lever Brothers Pakistan Limited (the holding company) in the equity of its subsidiaries as at the end of the last of the financial years of the subsidiaries.	100%	100%	100%
b) The net aggregate amount of revenue profits, less losses, of the subsidiary companies, so far as these concern members of the holding company and has not been dealt with in the accounts of the holding company for the eighteen months ended June 30, 1996 are			
i) for the last of the financial years of the subsidiaries	(14,880)	NIL	NIL

i) for the previous years but subsequent to the acquisition of the controlling interest by the holding company.	NIL	NIL	NIL
e) The net aggregate amount of profits, less losses of the subsidiary companies so far as these have been dealt with or provision made for losses in the accounts of the holding company for the eighteen months ended June 30, 1996 are:			
i) for the last of the financial years of the subsidiaries	NIL	NIL	NIL
ii) for the previous years but subsequent to the acquisition of the controlling interest by the holding company.	NIL	NIL	NIL

Statement under Sub-Section (1) Clause (e) & (g)

	N/A	N/A	N/A
--	-----	-----	-----

**Accounts
SUBSIDIARY COMPANIES
and
Historical Performance Trends
LEVER BROTHERS PAKISTAN LIMITED**

Directors' Report
Your Directors have pleasure in presenting their Report for the period January 1995 - June 1996.

Directors
All the Directors, namely, Messrs I.S. Sangster, (Chairman & Chief Executive), Mujib ur Rahman, Perwaiz Hamid Khan, Jaff A. Lee and S.N. Patel, were elected for a term of three years effective from February 14, 1996.

Accounts
The Audited Accounts of the Company for the period January 1995 - June 1996 are annexed, together with the Auditors' Report thereon.

Results
The Accounts show a profit of Rs. 4,395 million for the period which when adjusted with the cumulative deficit brought forward of Rs. 19,835 million, results in a balance loss of Rs. 14,880 million being carried forward.

The positive result for the period is attributed to the manufacture of soft sulphonic acid a more environmentally friendly chemical compared to the hard sulphonic acid, improved margins and increased sales to third parties.

The 1996 Federal Budget has withdrawn duty concession on import of linear aliphatic benzene, the prime raw material used in the manufacture of sulphonic acid. This has resulted in the anomaly of lower tariff on imported sulphonic acid compared to local manufacture. The Company has taken up this issue with the Government Anomalies Commission and a favourable response is expected.

Auditors
The Auditors, Messrs A.P. Ferguson & Co., Chartered Accountants, retire, and being eligible, offer themselves for reappointment.

Holding Company
Since the Company is a wholly owned subsidiary of Lever Brothers Pakistan Limited, the ultimate holding company is Unilever PLC (a company incorporated in the United Kingdom), through its wholly owned subsidiary, Unilever Overseas Holdings Limited, U.K., of which LBP is a subsidiary.

Karachi: On behalf of the Board
August 1, 1996 I. S. SANGSTER
Chairman & Chief Executive

(Presented to the Shareholders at the 4th Annual General Meeting of the Company held at Karachi on August 25, 1996).

Auditors' Report To The Members

We have audited the annexed balance sheet of Lever Chemicals (Private) Limited as at June 30, 1996 and the related profit and loss account, together with notes forming part thereof, for the eighteen months then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

(a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984.

(b) In our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the period was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1996 and of the profit for the eighteen months then ended; and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

A. P. FERGUSON & CO.
Chartered Accountants
Karachi: August 1, 1996

Balance Sheet as at June 30, 1996	Note	1996	
		June 30, Rupees	December 31, 1994 Rupees
Share Capital			
Authorized 10,000,000 ordinary shares of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital		-----	-----
9,500,000 ordinary shares of Rs. 10 each fully paid in cash	3	95,000,000	95,000,000
Accumulated loss		(14,880,397)	(19,835,249)
		-----	-----
		80,119,603	75,164,751
Reserve Capital - Other	4	-	15,000,000
Current Liabilities			
Current maturity of redeemable capital	4	15,000,000	15,000,000
Finance under work-up arrangement	5	37,220,993	33,827,794
Creditors, accrued and other liabilities	6	6,388,701	28,333,930
Due to parent company		6,384,248	-
		67,002,922	77,161,704
		-----	-----
		147122925	107326455
		-----	-----
Tangible Fixed Assets			
Operating assets	7	81,904,080	93,583,694
Long Term Receivable	8	591,350	591,350
Current Assets			
Stores and spares	9	5,051,365	3,431,988
Stock-in-trade	10	52,521,623	38,096,460
Trade debts - unsecured, considered good	11	56,420	26,046,065

Advances, deposits, prepayments and other receivables	12	6,038,044	3,439,187
Taxation - payments less provision		247,581	1,347,664
Cash and bank balances	13	712,062	730,057
		-----	-----
		64,627,095	73,151,411
		-----	-----
		147122525	167326455
		*****	*****

The annexed notes form an integral part of these accounts.

Profit and Loss Account
for the eighteen months ended June 30, 1994

	Note	June 30, 1994 Rupees	Year ended December 31, 1994 Rupees
Sales	14	224,560,102,111,008,792	
Cost of goods sold	15	203,341,319	105,762,648
		-----	-----
Gross profit		21,218,783	8,248,134
Administration and selling expenses	16	3,954,600	1,431,206
		-----	-----
Operating profit		17,264,183	3,412,928
Financial expenses	17	13,327,893	10,658,302
Auditors' remuneration	18	120,840	153,364
		-----	-----
		13,448,733	10,811,666
		-----	-----
Other income	19	6,251,390	-7,398,740
		-----	-----
		156,066	319,219
		-----	-----
Workers' profits participation fund		6,408,056(7,080,521)	-
		320,403	-
		-----	-----
Profit/(loss) before tax		4,087,057(880,521)	
Taxation		1,132,801	555,044
		-----	-----
Profit/(loss) after taxation		4,954,852(7,635,565)	
Loss brought forward	(19,835,249)	(12,199,684)	
		-----	-----
Accumulated loss carried forward	(14,880,197)	(19,835,249)	
		-----	-----

The annexed notes form an integral part of these accounts.

Notes to the Accounts
for the eighteen months ended June 30, 1994

- Legal Status**
The Company was incorporated and registered under the Companies Ordinance, 1984. It is a wholly owned subsidiary of Lever Brothers Pakistan Limited.
- Significant Accounting Policies**
 - Overall Valuation Policy
These accounts have been prepared under the historical cost convention.
 - Accounting year
Consequent to the stipulation in Finance Act, 1995 that the Income Year for the purpose of submitting the income tax return must end on June 30, the Company decided to change the accounting year from December 31 to June 30. The company has prepared these financial statements for a period of eighteen months ended June 30, 1994, whereas the comparative figures are for the year ended December 31, 1994.
 - Taxation
The provision for current taxation is based on taxable income at current rates of taxation. The Company accounts for deferred taxation using the liability method on all significant timing differences.
As the Company enjoys an eight year tax holiday from the commencement of commercial production, provision for current taxation has not been made. However, minimum tax at the rate of 0.5% of turnover has been provided.
 - Fixed assets
These are stated at cost less accumulated depreciation except for capital work in progress which is stated at cost. Depreciation is charged on the straight-line method on all assets in use at the beginning of each quarter.
Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired.
Profit and loss on sale or retirement of fixed assets is included in income currently.
 - Stores and spares
These are valued at average cost less provision for obsolescence.
 - Stock-in-trade
All stocks are stated at the lower of cost and estimated net realizable value. Cost is determined by average method except for those in transit where it represents invoice value and other charges paid thereon. Cost of work-in-process includes direct costs of material whereas that of finished goods also includes direct cost of labour and production overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.
 - Trade debts
Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.
 - Rates of foreign exchange
Assets and liabilities in foreign currencies are translated at the rates of exchange which approximate to those prevalent on the balance sheet date except where forward exchange purchases have been made for payment of liabilities, in which case the contracted rates are applied. Exchange gains and losses on translation are included in income currently.
 - Revenue recognition
Sales are recorded on despatch of goods.

3. Taxed, Subscribed and Paid-up Capital
At June 30, 1994, the number of shares held by Lever Brothers Pakistan Limited, was 9,499,999 ordinary shares of Rs. 10 each.

4. Redeemable Capital - Other

	June 30, 1994 Rupees	December 31, 1994 Rupees
Secured		-
ANZ Grindlays Bank plc	15,000,000	30,000,000
Less: Current maturity	15,000,000	15,000,000

		15,000,000

The company has obtained a long term finance under mark-up arrangement amounting to Rs. 10 million. The balance is repayable in one instalment by December 31, 1994 at a mark-up of 15% per annum. The finance is secured by way of hypothecation of company's plant and machinery at Bahin Yar Khan.

Finance Under Mark-up Arrangement
The facility for running finance available amounts to Rs. 10 million. The rate of mark-up is 14% per annum. The balance is repayable by September 30, 1994.

The arrangement is secured by way of hypothecation of company's stock-in-trade and bank debts.

6. Creditors, Accrued and Other Liabilities

	June 30, 1994 Rupees	December 31, 1994 Rupees
Creditors	259,403	1,294,261
Bills payable	-	24,459,240
Accrued liabilities	5,407,533	319,000
Mark-up accrued on running finance	1,159,246	2,221,535
Mark-up accrued on redeemable capital	347,123	-
Excise duty	43,525	55,000

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet gives the information required by the Companies Ordinance, 1984 in the manner so required and gives a true and fair view of the state of the Company's affairs as at June 30, 1996; and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

A. F. PERGAND & CO.
Chartered Accountants
Karachi: August 1, 1996